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BULLETIN TO MEMBERS | Update on Pony Club Victoria Assets

The Pony Club Victoria State Council regularly conducts reviews of the Association's financial position, and its future cash flows, along with reviewing risks to, and opportunities for, the Association.

The unexpected presence of COVID 19 is having a significant impact on the financial position of many sports and business with the scale of these potential impacts totally unprecedented. We are no exception.

The potential serious effect due to COVID 19 on our membership, including a significant detrimental impact on membership revenue, has added new dimensions to this review.

Council has carefully considered the present and future financial position of the Association and has investigated various strategies to secure the organisation's financial performance.

One strategy investigated is to optimise our assets and liabilities and reduce exposure in these uncertain times ahead.

It has been resolved that it is in the best interests of the Association that the properties at Mulgrave and Gladysdale be placed on the market for sale to generate potential options for the organisation. In times of uncertainty such as these, access to options and alternative pathways are a powerful risk management tool.

Should there be suitable and attractive offers on the properties, the capital thereby generated from a sale would, along with other strategies, assist the Association with the financial stability needed to ensure that it can continue to operate and further develop member services.

We emphasise that the overall members' equity and asset base of the organisation is very strong. However, it is our legal responsibility to evaluate what options may be available to optimise the structure of our assets and balance sheet to give us the liquidity and flexibility to ride out any worst case scenarios that may be ahead of us.

The viability of the Association is our foremost consideration.

The COVID 19 impacts are unable to be accurately forecast, and the decision to offer the properties for sale is precautionary in nature and takes into account a worst-case scenario.

As the situation becomes clearer regarding COVID-19 impacts, the financial situation, including the sale of assets, will be constantly monitored.

Rest assured current and future decisions will be based on the best long-term interests of the Association and its members.

Q&A:

Are we selling both properties?

Both properties will be put on the market as a matter of expediency. If there are suitable offers on the table for either properties, council will then determine if it makes sense to sell one, both or neither.

Why are both properties being sold, why is not just PCVEC being sold?

To counter a worst-case situation should it arise, it cannot be risked just one property on the market and that one property does not attract a buyer. Should one property sell, the situation will be reviewed as regards liquidity and in line with our strategic plan.

Where will the staff work from?

It will depend on the sale of properties. However, options are being considered that will allow staff to be located in appropriate premises

When will they be sold?

This is difficult to estimate as it will depend on negotiations with any potential buyer.

Is PCV in trouble?

No. However, the falling membership over the last decade has placed pressure on the future financial performance in its current structure. PCV is very dependent on membership revenue for its day to day activities. In addition, the uncertainty of future memberships due to COVID 19 has meant we need to take precautionary measures.

What is the reserve selling price?

We have had professional valuations of the properties, which are understandably confidential. There are many factors to consider when setting a reserve. However, we can assure members that this is a cautious and calculated decision, and the properties will be sold for at least their assessed values.

Why have the properties not been sold prior? (This may not be a good time to be selling real estate)

State Council have been working diligently through a process to evaluate and determine the viability of our assets for the past 12 months. However, the unforeseen COVID-19 impacts have accelerated our need to take a worst-case precautionary approach to ensure liquidity.